

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Washtenaw County - MPPP	County Washtenaw
Fiscal Year End December 31, 2006	Opinion Date March 15, 2007	Date Audit Report Submitted to State March 20, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

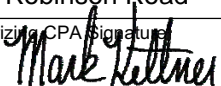
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	Not Applicable		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) REHMANN ROBSON		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name Mark T. Kettner, CPA, CGFM		License Number 11673

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Financial Statements

**For The Years Ended
December 31, 2006 and 2005**



REHMANN ROBSON

Certified Public Accountants

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

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REHMANN ROBSON

Certified Public Accountants

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 an independent member of
BAKER TILLY
INTERNATIONAL

INDEPENDENT AUDITORS' REPORT

March 15, 2007

To the Board of Trustees
Washtenaw County Money Purchase Pension Plan
Ann Arbor, Michigan

We have audited the accompanying statements of plan net assets of the **Washtenaw County Money Purchase Pension Plan** (the "Plan") as of December 31, 2006 and 2005, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Washtenaw County Money Purchase Pension Plan pension trust fund and do not purport to, and do not, present fairly the financial position of Washtenaw County as of December 31, 2006 and 2005, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan's net assets held in trust for pension benefits at December 31, 2006 and 2005, and changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.



FINANCIAL STATEMENTS

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Plan Net Assets

December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Assets		
Investments, at fair value - mutual funds	\$ 57,703,520	\$ 48,454,185
Interest receivable	<u>17,329</u>	<u>-</u>
 Total assets	 57,720,849	 48,454,185
 Liabilities - Accrued liabilities	 <u>14,433</u>	 <u>-</u>
 <u>Net Assets Held in Trust</u>		
<u>for Pension Benefits</u>	<u>\$ 57,706,416</u>	<u>\$ 48,454,185</u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Statements of Changes in Plan Net Assets

For the Year Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Additions to net assets		
Contributions:		
Employees	\$ 3,176,055	\$ 2,929,866
Employer	<u>3,552,494</u>	<u>3,276,943</u>
Total contributions	<u>6,728,549</u>	<u>6,206,809</u>
Investment income:		
Interest and dividends	2,605,109	1,740,920
Appreciation in fair value of investments	<u>2,954,584</u>	<u>1,574,121</u>
Total investment income	<u>5,559,693</u>	<u>3,315,041</u>
Other additions	<u>35,645</u>	<u>15,958</u>
Total additions to net assets	<u>12,323,887</u>	<u>9,537,808</u>
Deductions from net assets		
Payments to terminated participants	2,941,130	2,067,561
Administrative expense	<u>130,526</u>	<u>114,772</u>
Total deductions from net assets	<u>3,071,656</u>	<u>2,182,333</u>
Increase in net assets	9,252,231	7,355,475
Net assets held in trust for pension benefits, beginning of year	<u>48,454,185</u>	<u>41,098,710</u>
Net assets held in trust for pension benefits, end of year	<u><u>\$ 57,706,416</u></u>	<u><u>\$ 48,454,185</u></u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Notes To Financial Statements

1. PLAN DESCRIPTION

The Washtenaw County Money Purchase Pension Plan (MPPP; the “Plan”) is a defined contribution pension plan established and administered by Washtenaw County (the “County”) to provide benefits at retirement to all regular employees of the County hired on or after January 1, 1989 who work greater than 50% hours. Plan members are required to contribute 6.0% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements.

The Plan is included as a pension trust fund in the County’s financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The MPPP financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

3. INVESTMENTS

The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1965, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments including mutual funds, subject to certain limitations.

The Plan’s investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires fifteen separate mutual funds, including eleven stock funds, one balanced fund, one bond fund, one guaranteed interest fund, and a self-directed brokerage option. Participants select the particular funds into which their contributions and the related County matching contributions are made.

WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN

Notes To Financial Statements

Plan investments as of December 31 are summarized as follows:

	<u>2006</u>	<u>2005</u>
Mutual funds		
Prudential Guaranteed Interest Account	\$ 9,978,301	\$ 9,044,073
American Balanced Fund A	7,084,634	6,073,051
PIMCO Total Return Bond Fund A	5,093,768	4,740,089
Equity stock funds:		
Jennison U.S. Emerging Growth Fund A	2,424,020	2,249,123
Growth Fund of America A	8,287,685	6,755,456
Van Kampen Growth & Income Fund A	6,540,852	4,984,607
Dryden Stock Index Fund Z	6,622,994	5,796,543
Euro Pacific Growth Fund A	4,778,615	3,234,755
AIM Small Cap Growth Fund A	4,253,018	3,578,865
Eaton Vance Worldwide Health Sciences A	431,839	448,009
Seligman Communication & Information A	544,106	389,467
AIM Mid Cap Equity Fund A	202,945	172,219
Prudential Self-directed Brokerage Holdings	119,448	131,171
Dreyfus Premium Small Cap A	50,234	10,304
Lord Abbett Mid Cap Value	<u>1,291,061</u>	<u>846,453</u>
Total investments	<u>\$ 57,703,520</u>	<u>\$ 48,454,185</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2006 the Plan's bond mutual fund was not rated by a nationally recognized statistical rating organization. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At December 31, 2006, the Plan's bond mutual fund is an open-end mutual fund. Accordingly, the Plan's investments are not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2006, the weighted average maturity of the Plan's bond mutual fund was 5.03 years. The Plan's investment policy does not address interest rate risk.

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